

Testimony To The House Judiciary Committee

House Bill 5221

My name is Albert Mooney, I work as Grand Rapids City Treasurer, and I am grateful for the opportunity to testify in support of the House Bill 5221. Let me first thank you for taking the time to receive comments from parties interested in the legislation that will increase the number of cases that a local unit can file in small claims court. This proposed legislation will provide significant help to the City of Grand Rapids as we work on ways to be more effective in providing funding for critical public services.

In 1935, United States Supreme Court Justice Owen Roberts wrote, "Taxes are the lifeblood of government and their prompt and certain availability an impervious need." In 2006, those of us dealing with budgeting and strategic planning are expanding Justice Robert's term "taxes" to include fines, restitution, and various fees for services.

The reason I am appearing before you is that a critical component of our collection program, the use of the small claims forum, has been impeded by the provision in the Revised Judicature Act of 1961 that limits a municipality to filing no more than five (5) claims per week. The use of small claims court has been a very effective means to ensure the availability of funding for our sustainability strategy, but we are falling behind. We simply have too many cases that can not be collected except via a small claims action and the limit of five (5) cases per week is causing us to lose revenue.

In 1999, as the City of Grand Rapids grappled with the challenges from constricted resources, our former mayor, John Logie, the City Commissioners, and our management team launched an initiative to pursue over \$315,000 of uncollected fees for services we provided to properties. We designed and implemented a collection system that gave specific notice to people that civil action would be forthcoming if their municipal debts were not paid. With consistent, persistent collection procedures, we have recouped critical revenues to sustain services and provide for public facilities by collecting amounts past due.

A key component in our collection process has been the capacity to take the more difficult cases to small claims court. Individuals and companies who otherwise would not pay their bills for personal property taxes, parking fines, and inspection and registration fees were sent notices to pay the past due amounts owed or have their day in small claims court. This program has provided critical revenue for the City, and, in the case of personal property tax collections, for the State of MI School Aid fund, the Grand Rapids Public Schools, our intermediate schools and community college, and other local services.

The use of small claims to collect monies due the city provides a less obtrusive collection tool than impounding a car or seizing personal property (though we still do a fair amount

of that). Opportunities exist for the defendant to arrange for payment over time of the amount due. This option does not exist in the General Property Tax Act. In some cases, small claims court represents the sole means by which property tax revenues for our levying local units can be collected.

Though the City of Grand Rapids staff's record does not measure up to Perry Mason, we have found the small claims forum as the proper venue to resolve matters involving many debts due the city. A significant number of people pay the amount due upon receipt of our Notice Of Intent To Use The 61st District Court Small Claims Division To Collect Amounts Due The City Of Grand Rapids (see copy attached). Others pay once the process server provides the Affidavit and Claim to the defendant. At times, information is provided the city in court which clarifies and/or reduces the amount due. Other amounts get collected from people who decide to acknowledge the debt owed and who either make payment prior to the court hearing or who have previously been in small claims court and recognize that the amount due will be less if they pay upon receipt of our "Notice if Intent". Lastly, on occasion, we lose.

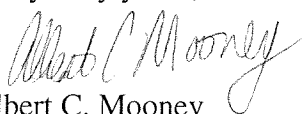
The individuals and businesses we are pursuing in small claims court owe the city amounts ranging from \$300 to \$3,000. For the most part, the people we are pursuing are street savvy individuals, many of whom have been in court before. The city is not the only creditor they are not working with. A fair number of them know what the city or other creditors can or cannot do to collect amounts owed.

At present, we have a backlog of 1,275 "Notices of Intent" with a total of \$593,000 that can be pursued in small claims court. This sum continues to grow, as we are limited by our ability to file only five (5) small claims cases per week. Having begun our collection program in 2000, we are now finding that many debtors' cases are reaching the statute of limitations of six years. Your favorable consideration of expanding the number of cases that can be filed by a local unit will relieve our backlog. Let people know it does not pay to ignore City hall. Don't let our "Notices of Intent" go stale and becomes null.

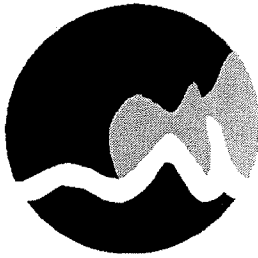
We are very proud of our housing stock in Grand Rapids and our downtown expansion. Monies for our revolving fund that pays for inspection services and parking fine revenue dedicated to paying parking garage debt service are replenished by the use of the small claims court. Help us to keep the funding intact to provide for the continuation of the fine work that is being done in Grand Rapids.

As previously mentioned, I wholeheartedly support this bill and encourage you, as our legislative leaders, to assist local units, such as Grand Rapids, as we address the needs of those who enjoy their urban living. If you have any questions or wish to contact me for further information, please e-mail me at amooney@ci.grand-rapids.mi.us or call (616) 456-3285. Thank you.

Very truly yours,



Albert C. Mooney
Grand Rapids City Treasurer



CITY OF GRAND RAPIDS

**NOTICE OF INTENT TO USE THE 61ST DISTRICT COURT SMALL CLAIMS DIVISION TO
COLLECT AMOUNTS DUE THE CITY OF GRAND RAPIDS**

THE CITY OF GRAND RAPIDS TREASURER'S OFFICE PROVIDES NOTICE THAT THERE ARE OUTSTANDING PERSONAL PROPERTY TAX AMOUNTS OWED BY THE BELOW LISTED PARTY. THE TAXES HAVE BEEN PROPERLY ASSESSED ON THE CITY AND SCHOOL AND KENT COUNTY TAX ROLLS AND BILLS HAVE BEEN MAILED IN ACCORDANCE WITH THE GENERAL PROPERTY TAX ACT. THE CITY TREASURER IS OBLIGATED TO COLLECT THE TAXES AGAINST THE PERSONS NAMED IN THE ASSESSMENT ROLL (MCL 211.44). PURSUANT TO MCL 211.47, A CITY TREASURER CAN BRING A CIVIL ACTION AGAINST A PERSON, FIRM OR CORPORATION TO WHOM THE PERSONAL PROPERTY TAXES HAVE BEEN ASSESSED IN ORDER TO COLLECT PERSONAL PROPERTY TAXES WHICH HAVE NOT BEEN PAID. THE CITY HAS PROVIDED NOTICE OF OUR PARAMOUNT LIEN ON THE PERSONAL PROPERTY WHICH WAS ASSESSED.

THE CITY REQUESTS YOU PAY THE TAX AMOUNT OWED, IDENTIFY THE LOCATION OF THE ASSETS, OR PROVIDE OTHER JUST CAUSE AS TO WHY YOU SHOULD NOT BE SUED PERSONALLY FOR THE UNPAID PERSONAL PROPERTY TAXES. IF NO RESPONSE IS RECEIVED, AT SOME TIME IN THE NEAR FUTURE AN AFFIDAVIT AND CLAIM WILL BE FILED WITH THE 61ST DISTRICT COURT FOR THE BELOW CAPTIONED AMOUNT OWED THE CITY. PLEASE CALL 456-3022 FOR MORE INFORMATION OR TO OBTAIN THE STATUS OF THE CITY'S COLLECTION EFFORTS.

PERSON, FIRM OR CORPORATION ASSESSED:

AMOUNT: \$

ROBIN DUPUIE Date
PUBLIC ACCOUNTS COLLECTOR

ALBERT C. MOONEY Date
CITY TREASURER